

Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA/EP:JFKING:STT

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA PRIORITY

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E.O. 11652:N/A

TAGS: PE, PFOR

SUBJECT: MARCONA NEGOTIATIONS GUIDANCE

FOLLOWING GUIDANCE PREPARED FOR THE DEPARTMENT SPOKESMAN
ON AN IF ASKED BASIS:

Q: WE HEAR STATE DEPARTMENT IS SENDING A TEAM TO PERU TO
NEGOTIATE A SETTLEMENT OF THE MARCONA EXPROPRIATION. WHAT'S
THE STORY?

A: A TEAM OF GOVERNMENT TECHNICAL EXPERTS HEADED BY
DEPUTY ASSISTANT SECRETARY ALBERT FISHLOW IS RETURNING TO
LIMA NOVEMBER FOR A CONTINUATION OF THE TALKS WE HAVE BEEN
HAVING WITH THE PERUVIAN GOVERNMENT CONCERNING COMPENSATION
FOR THE U.S.-OWNED MARCONA MINING COMPANY, WHOSE IRON-ORE
MINING PROPERTIES IN PERU WERE EXPROPRIATED LAST JULY 24.

AS YOU KNOW THE FISHLOW GROUP WENT TO LIMA OCTOBER 22 TO
BEGIN ITS EXPLORATION OF POSSIBLE AVENUES TO A SETTLEMENT
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OF THIS ISSUE.

Q: WHAT'S THE HANG-UP? HOW MUCH IS INVOLVED? WHAT'S THE PROGNOSIS FOR A SETTLEMENT?

A: VERY SIMPLY, THE HANG-UP INVOLVES A SETTLEMENT OF THIS MATTER WHICH INCLUDES PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION FOR THE COMPANY. IT'S HARD TO SAY HOW MUCH MONEY IS INVOLVED SINCE THE ANSWER TO THAT QUESTION IS WHAT IS INHERENTLY INVOLVED IN THE TALKS NOW GOING ON. IT'S EQUALLY DIFFICULT TO FORECAST THE TIMING OF A POSSIBLE SOLUTION, BUT AS YOU KNOW WE ALWAYS APPROACH THESE ISSUES SEEKING, AS I HAVE SAID, COMPENSATION THAT IS PROMPT, ADEQUATE AND EFFECTIVE.

Q: WHAT IF YOU DON'T GET A SETTLEMENT? DO WE ZAP PERU WITH HICKENLOOPER-TYPE SANCTIONS? EXPLAIN JUST WHAT PENALTIES ARE AVAILABLE TO US IF THE PERUVIANS DON'T COME ACROSS "PROMPTLY, ADEQUATELY AND EFFECTIVELY."

A: THAT SORT OF QUESTION GETS US INTO THE HYPOTHETICAL AND IS, IN ANY CASE, THE SORT OF THING ONE SHOULD NOT SPECULATE ABOUT. LET ME JUST SAY THE DISCUSSIONS WITH THE GOP ARE CONTINUING. I'LL LEAVE IT AT THAT, KISSINGER

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